

**Mississippi Affordable  
College Savings Program**

Auditor's Reports and Financial Statements

June 30, 2014 and 2013



**Mississippi Affordable  
College Savings Program**  
June 30, 2014 and 2013

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## Independent Auditor's Report

College Savings Plans of Mississippi Board of Directors  
Mississippi Affordable College Saving Program7\]  
Jackson, Mississippi

### Report on the Financial Statements

We have audited the accompanying financial statements of Mississippi Affordable College Savings Program (the Program), which are comprised of a statement of fiduciary net position as of June 30, 2014, and a statement of changes in fiduciary net position for the year then ended and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mississippi Affordable College Savings Program as of June 30, 2014, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As discussed in *Note 1*, the financial statements of the Program are intended to present the fiduciary net position and changes in fiduciary net position only for the portion of the fiduciary activities of the State of Mississippi that is attributable to the transactions of the Program. They do not purport to, and do not present fairly, the fiduciary net position of the State of Mississippi as of June 30, 2014, and the changes in its fiduciary net position, for the year then ended, in conformity with the accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

***Other Matters***

***Required Supplementary Information***

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic or historical context. Our opinion on the financial statements is not affected by this missing information.

***Report on Summarized Comparative Information***

We have previously audited the Program's 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 10, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2015, on our consideration of the Program's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Program's internal control over financial reporting and compliance.

*BKD, LLC*

Jackson, Mississippi  
January 16, 2015

**Mississippi Affordable  
College Savings Program  
Statement of Fiduciary Net Position  
June 30, 2014  
(With Summarized Information for 2013)**

	2014			2013	
	3184	3183	3185		
	Trust Fund	Administrative Fund	Endowment Fund	Total	Total
<b>Assets</b>					
Cash and cash equivalents	\$ -	\$ 6,470	\$ 1,000	\$ 7,470	\$ 36,323
Accounts receivable	-	35,000	-	35,000	-
Due from transfer agent	343,188	-	-	343,188	103,666
Investment securities	180,311,832	-	-	180,311,832	157,650,251
Total assets	<u>\$ 180,655,020</u>	<u>\$ 41,470</u>	<u>\$ 1,000</u>	<u>\$ 180,697,490</u>	<u>\$ 157,790,240</u>
<b>Liabilities and Fiduciary Net Position</b>					
Liabilities					
Accounts and warrants payable	\$ -	\$ 6,256	\$ -	\$ 6,256	\$ 564
Payable for securities transactions	466,825	-	-	466,825	156,740
Compensated absences	-	12,411	-	12,411	8,129
Total liabilities	466,825	18,667	-	485,492	165,433
Fiduciary Net Position	<u>180,188,195</u>	<u>22,803</u>	<u>1,000</u>	<u>180,211,998</u>	<u>157,624,807</u>
Total liabilities and fiduciary net position	<u>\$ 180,655,020</u>	<u>\$ 41,470</u>	<u>\$ 1,000</u>	<u>\$ 180,697,490</u>	<u>\$ 157,790,240</u>

**Mississippi Affordable  
College Savings Program**  
Statement of Changes in Fiduciary Net Position  
Year Ended June 30, 2014  
(With Summarized Information for 2013)

	2014			2013	
	Trust Fund	Administrative Fund	Endowment Fund	Total	Total
<b>Additions</b>					
Investment earnings					
Interest	\$ 301,633	\$ 440	\$ -	\$ 302,073	\$ 393,147
Dividends	2,620,369	-	-	2,620,369	2,292,505
Customer subscriptions	22,054,217	-	-	22,054,217	22,916,053
Program manager transfers	-	150,000	-	150,000	155,000
Other income	-	100	-	100	-
	<u>24,976,219</u>	<u>150,540</u>	<u>-</u>	<u>25,126,759</u>	<u>25,756,705</u>
<b>Deductions</b>					
Customer redemptions	19,021,939	-	-	19,021,939	19,321,530
Management fees	695,290	-	-	695,290	610,378
Salaries and travel	-	115,172	-	115,172	101,026
Contractual services	-	38,693	-	38,693	39,510
Commodities and supplies	-	502	-	502	572
	<u>19,717,229</u>	<u>154,367</u>	<u>-</u>	<u>19,871,596</u>	<u>20,073,016</u>
<b>Net Realized Gain and Net Appreciation in Fair Value of Investments</b>	<u>17,332,028</u>	<u>-</u>	<u>-</u>	<u>17,332,028</u>	<u>9,279,186</u>
<b>Net Increase (Decrease)</b>	22,591,018	(3,827)	-	22,587,191	14,962,875
<b>Fiduciary Net Position, Beginning of Year</b>	<u>157,597,177</u>	<u>26,630</u>	<u>1,000</u>	<u>157,624,807</u>	<u>142,661,932</u>
<b>Fiduciary Net Position, End of Year</b>	<u>\$ 180,188,195</u>	<u>\$ 22,803</u>	<u>\$ 1,000</u>	<u>\$ 180,211,998</u>	<u>\$ 157,624,807</u>

# **Mississippi Affordable College Savings Program**

## **Notes to Financial Statements**

### **June 30, 2014 and 2013**

#### **Note 1: Organization**

Mississippi Affordable College Savings Program (MACS or the Program) was created by the 2000 Session of the Mississippi Legislature to assist qualified students in financing costs of attending institutions of higher education, to encourage timely financial planning for higher education, provide a savings program for those persons who wish to save to meet post-secondary educational needs beyond the traditional baccalaureate curriculum and to provide a choice of programs to persons who determine that the overall educational needs of their families are best provided by either a savings trust agreement under MACS or a prepaid tuition contract under Mississippi Prepaid Affordable College Tuition Program (MPACT). MACS operates under the provisions of Mississippi Code Ann., §37-155-101 through §37-155-125. The administration functions of MACS are delegated to the State of Mississippi Treasury Department (State Treasury). The Program is governed by the nine-member College Savings Plans of Mississippi Board of Directors (the Board) consisting of the following members: the State Treasurer, the Commissioner of Higher Education, the Executive Director of the Community and Junior College Board, the Department of Finance and Administration Executive Director and one member from each congressional district as appointed by the Governor with the advice and consent of the senate. The Board has authority to appoint investment managers, adopt resolutions for the administration of the Program and establish investment policies for the Program. TIAA-CREF Tuition Financing, Inc. (TFI), a subsidiary of Teachers Insurance and Annuity Association of America (TIAA), and the Board entered into a management agreement under which TFI serves as Program Manager. MACS is operated in a manner such that it is exempt from registration as an investment company under the Investment Company Act of 1940.

An individual participating in the Program establishes an account in the name of a beneficiary. Throughout the year ended June 30, 2012, the Program consists of two investment programs: (1) Mississippi Affordable College Savings Direct Program (the Direct Program) and (2) Mississippi Affordable College Savings Advisor Program (the Advisor Program). On May 17, 2013, the Advisor Program was closed and merged into the Direct Program. All unique investment options in the Advisory Program were liquidated and reinvested in the Direct Program investment options.

Contributions to the Direct Program can be made among four investment options: the Managed Allocation Option, the Diversified Equity Option, the Fixed Income Option and the Guaranteed Option. Contributions to the Managed Allocation Option are allocated among nine age bands, based on the age of the beneficiary. Each age band invests in varying percentages in the Bond Index, Emerging Markets Equity Index, Inflation-Linked Bond, Small-Cap Blend Index, International Equity Index, Real Estate Securities, Large-Cap Value Index, Large-Cap Growth Index, Short-Term Bond, and Money Market Funds of the TIAA-CREF Institutional Mutual Funds. The Diversified Equity Option invests in varying percentages in the Real Estate Securities, International Equity Index, Large-Cap Value Index, Large-Cap Growth Index, Small-Cap Equity, Emerging Markets Equity Index and International Equity Funds of the TIAA-CREF Institutional Mutual Funds. The Fixed Income Option invests in varying percentages in the Inflation-Linked Bond, Bond Index and High-Yield Funds of the TIAA-CREF Institutional Mutual Funds. The

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Guaranteed Option invests in the TIAA-CREF Life Insurance Company Funding Agreement, a guaranteed funding agreement issued by TIAA-CREF Life Insurance Company, a subsidiary of TIAA, which guarantees principal and a minimum return of 1.00% per annum. All allocation percentages are determined by the Board and are subject to change.

Teachers Advisors, Inc., an affiliate of TFI, is registered with the Securities and Exchange Commission (the Commission) as an investment advisor, and provides investment advisory services to the TIAA-CREF Institutional Mutual Funds. Teachers Personal Investor Services, Inc., an affiliate of TFI, and TIAA-CREF Individual & Institutional Services, Inc., also an affiliate of TFI, both of which are registered with the Commission as broker-dealers and are members of the National Association of Securities Dealers, Inc., provide the telephone counseling, marketing and information services required of TFI.

**Note 2: Summary of Significant Accounting Policies**

***Basis of Presentation***

The financial statements contained in this report are prepared using the economic resources measurement focus on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when services or benefits are received. The financial statements are prepared in conformity with accounting principles generally accepted in the United States of America and standards of the Government Accounting Standards Board (GASB).

***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and deferred inflows and outflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of changes in fiduciary net position during the reporting period. Actual results could differ from those estimates.

***Cash and Cash Equivalents***

The Program defines cash equivalents as demand deposit accounts and cash in the State Treasury.

***Investments***

The fair value of the investments in mutual funds is based on the net asset values of the funds as of the close of business on the financial statement date. The value of the TIAA-CREF Life Insurance

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Company Funding Agreement is based on the principal contributed and interest credited less any amounts withdrawn.

Securities transactions are accounted for as of the date the securities are purchased or sold (trade date). Interest income is recorded as earned. Dividend income is recorded on the ex-dividend date. Net realized gain and net appreciation in fair value of investments includes unrealized and realized gains and losses. Realized gains and losses are based upon the specific identification method.

The Program's assets are invested in various types of investment securities and in different companies and multiple markets. Investment securities are exposed to several risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the Program's financial statements.

***Contributions and Withdrawals***

Contributions by a participant are evidenced through the issuance of units in the particular assigned investment option. Contributions received by the Program Manager before the close of trading on the New York Stock Exchange on any business day are credited to the account to which the contribution is made within one business day thereafter. Contributions are invested in units of the assigned investment option on the business day the contribution is credited to the participant's account. Withdrawals are based on the net asset value calculated for such investment option at the end of the business day on which the Program Manager processes the withdrawal request.

***Exchanges***

For certain investment options, account balances will automatically be exchanged from one portfolio to another more conservative portfolio as the beneficiary gets older. The transfers of funds between portfolios are referred to as exchanges, age band roll or customer age band restructuring. Additionally, the transfer of assets to the Direct Program upon closing the Advisory Program is considered to be an exchange. The amounts of contributions and withdrawals reported in the statement of changes in fiduciary net position do not include these exchanges, as they have no impact on the overall financial position of the Program.

***Penalty Fees***

The Program does not retain penalty fees on non-qualified withdrawals; however, the account owner may be subject to additional federal income taxes relating to any earnings on non-qualified withdrawals.

# **Mississippi Affordable College Savings Program**

## **Notes to Financial Statements June 30, 2014 and 2013**

### ***Tax Status***

MACS is exempt from federal income tax as a qualified state tuition program under Section 529 of the Internal Revenue Code of 1986. Section 1806 of the Small Business Job Protection Act of 1996 added Section 529. This code section provides that a qualified state tuition program is exempt from all federal income taxation except that relating to unrelated business income. The term “qualified state tuition program” is defined generally in Code Section 529 as a program established and maintained by a state or agency and instrumentality thereof under which, among other things, a person may make cash contributions to an account established solely for meeting the qualified higher education expenses of the designated beneficiary of the account. To the extent necessary and applicable, the Program documents include the qualification criteria required by Section 529.

### ***Reporting Entity***

MACS is part of the State of Mississippi’s reporting entity and is reported as a private purpose trust fund (fiduciary fund) in the State of Mississippi Comprehensive Annual Financial Report (CAFR). These financial statements and the accompanying notes relate solely to MACS. MPACT issues separate financial statements.

MACS is comprised of the following three fiduciary funds:

- Trust Fund (Fund 3184) includes contributions from MACS investors and serves to acquire, invest and disburse amounts from account owners pursuant to savings trust agreements.
- Administrative Fund (Fund 3183) includes administrative fees from MACS for the purpose of administration and marketing of the Program.
- Endowment Fund (Fund 3185) includes contributions and donations to MACS and serves to receive and disburse monies as specified by the Board.

### **Note 3: Management Agreements**

For its services as Program Manager, TFI and related entities are paid an annual management fee of 0.5% of the average daily net assets of the Program, plus specific investment management fees for the underlying investments in the TIAA-CREF Institutional Mutual Funds. Total management fees earned by TFI and related entities for the years ended June 30, 2014 and 2013, were \$943,244 and \$852,142, respectively, which included \$695,290 during 2014 and \$610,378 during 2013 of fees on average daily net assets of the Program and \$247,954 during 2014 and \$241,764 during 2013 of fees on underlying Program investments in the TIAA-CREF Institutional Mutual Funds. Fees earned by TFI and related entities on underlying Program investments were not charged to the

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Program but were paid by participants according to the Program management agreements and are reported in the statement of changes in fiduciary net position as customer redemptions.

**Note 4: Investment Securities**

As of June 30, 2014 and 2013, investment securities consisted of the following:

	<b>2014</b>		<b>2013</b>	
	<b>Cost</b>	<b>Fair Value</b>	<b>Cost</b>	<b>Fair Value</b>
<b>TIAA-CREF Institutional Mutual Funds</b>				
International Equity Fund	\$ 5,738,287	\$ 7,785,690	\$ 5,550,344	\$ 6,233,673
High-Yield Fund	229,576	230,407	173,332	167,428
Inflation-Linked Bond Fund	10,638,792	10,439,984	10,071,955	9,543,632
Bond Index Fund	33,487,282	33,835,165	30,197,956	29,790,301
Large-Cap Value Index Fund	17,643,995	27,064,039	17,513,568	23,054,012
Large-Cap Growth Index Fund	16,594,499	26,855,200	16,121,465	21,213,362
Small-Cap Blend Index Fund	1,505,246	2,020,899	1,440,746	1,658,581
Real Estate Securities Fund	6,874,776	8,517,546	6,643,982	7,525,686
Money Market Fund	1,784,810	1,784,810	1,633,961	1,633,961
Small-Cap Equity Fund	2,097,768	2,817,898	1,842,371	2,233,620
International Equity Index Fund	12,472,083	15,840,376	12,109,761	12,913,849
Emerging Markets Equity Index Fund	3,583,799	3,707,375	3,549,711	3,252,554
Short-Term Bond Fund	9,737,900	9,782,341	8,704,622	8,658,518
<b>TIAA-CREF Life Insurance Company Funding Agreement</b>				
	29,623,848	29,630,102	29,771,073	29,771,074
Total	<u>\$ 152,012,661</u>	<u>\$ 180,311,832</u>	<u>\$ 145,324,847</u>	<u>\$ 157,650,251</u>

At June 30, 2014, the net unrealized appreciation of mutual funds was \$28,299,171, consisting of gross unrealized appreciation of \$28,497,979 and gross unrealized depreciation of \$198,808. At June 30, 2013, the net unrealized appreciation of mutual funds was \$12,325,404, consisting of gross unrealized appreciation of \$13,610,547 and gross unrealized depreciation of \$1,285,143.

**Custodial Credit Risk**

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, MACS will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are not registered in the name of the government and are held

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by either the counterparty or the counterparty's trust department or agent. The Mississippi Code of 1972, Section 37-155-115(3) requires that all investments be clearly marked to indicate ownership by MACS and to the extent possible be registered in the name of MACS. Investments of the Program are entirely uninsured and are held by third parties in the name of MACS for the benefit of account owners.

For deposits, custodial credit risk is the risk that in the event of a bank failure, MACS' deposits may not be returned to it. Deposits of the program are entirely insured or collateralized with securities.

**Credit Risk**

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. Credit ratings of bond funds held by MACS consisted of the following at June 30:

<b>2014</b>				
	<b>Inflation-Linked Bond Fund</b>	<b>Short-Term Bond Fund</b>	<b>Bond Index Fund</b>	<b>High-Yield Fund</b>
<b>Credit Rating</b>				
AAA	100%	38%	71%	-
AA	-	17%	5%	-
A	-	17%	12%	-
BBB	-	19%	12%	1%
BB	-	7%	-	48%
B or below	-	3%	-	51%
Not rated	-	-	-	-
Total	100%	101%	100%	100%

<b>2013</b>				
	<b>Inflation-Linked Bond Fund</b>	<b>Short-Term Bond Fund</b>	<b>Bond Index Fund</b>	<b>High-Yield Fund</b>
<b>Credit Rating</b>				
AAA	100%	50%	73%	-
AA	-	14%	5%	-
A	-	16%	12%	-
BBB	-	13%	10%	2%
BB	-	5%	-	46%
B or below	-	2%	-	52%
Not rated	-	-	-	-
Total	100%	100%	100%	100%

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**Interest Rate Risk**

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. MACS does not have a formal investment policy that limits investment maturities as a means of managing its exposure to potential fair value losses arising from future changes in interest rates. The maturities of the underlying bonds in the bond funds held by MACS consisted of the following at June 30:

	<b>2014</b>			
	<b>Inflation-Linked Bond Fund</b>	<b>Short-Term Bond Fund</b>	<b>Bond Index Fund</b>	<b>High-Yield Fund</b>
<b>Maturity</b>				
Less than 1 year	3%	14%	2%	-
1-5	34%	83%	50%	17%
6-10	36%	3%	36%	77%
More than 10	28%	-	12%	6%
Total	<u>101%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>
Weighted Average Maturity in Years	8.32	4.58	7.48	9.21
	<b>2013</b>			
	<b>Inflation-Linked Bond Fund</b>	<b>Short-Term Bond Fund</b>	<b>Bond Index Fund</b>	<b>High-Yield Fund</b>
<b>Maturity</b>				
Less than 1 year	-	14%	2%	-
1-5	36%	79%	62%	11%
6-10	34%	7%	24%	80%
More than 10	30%	-	12%	9%
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>
Weighted Average Maturity in Years	8.55	2.76	7.03	7.54

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***Foreign Currency Risk***

Foreign currency and investment risk is the risk that changes in exchange rates will adversely affect the fair value of investments in foreign securities. The Program does not have any direct investment in foreign fixed income securities. Certain program options allocate assets to underlying mutual funds that are exposed to foreign currency and investment risk. At June 30, 2014, the International Equity Fund, the International Equity Index Fund and the Emerging Markets Equity Index Fund primarily invested in foreign securities.

**Note 5: Program Manager Transfers**

Expenditures from the Administrative Fund during 2014 and 2013 were funded through payments to the State Treasury on behalf of MACS by TFI from fees charged to MACS account owners as specified by the Management Agreement.

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards***

College Savings Plans of Mississippi  
Mississippi Affordable College Savings Program  
Jackson, Mississippi

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Mississippi Affordable College Savings Program (the Program), which comprise the statement of fiduciary net position as of June 30, 2014, and the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 16, 2015, which contained an "Emphasis of Matter" paragraph regarding the entity reflected in the financial statements and an "Other Matter" paragraph regarding omission of required supplementary information.

***Internal Control Over Financial Reporting***

Management of the Program is responsible for establishing and maintaining effective internal control over financial reporting (internal control). In planning and performing our audit, we considered the Program's internal control to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Program's internal control. Accordingly, we do not express an opinion on the effectiveness of the Program's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Program's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses as defined above. However, material weaknesses may exist that have not been identified.

### ***Compliance***

As part of obtaining reasonable assurance about whether the Program's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### ***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Program's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Program's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**BKD, LLP**

Jackson, Mississippi  
January 16, 2015